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**Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana
December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

JUN 27 2012

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May 31, 2012

Independent Auditor's Report

Insurance Committee
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

We have audited the accompanying balance sheets of the

**Louisiana Assessors' Insurance Fund
(A Quasi-Public Organization)
Baton Rouge, Louisiana**

as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Louisiana Assessors' Insurance Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Assessors' Insurance Fund as of December 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2012, on our consideration of the Louisiana Assessors' Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and schedule of 1 -10 year claim development information, listed as Required Supplementary Information in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Assessor's Insurance Fund. The Schedules of Per Diem Payments are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Per Diem Payments are fairly stated in all material respects in relation to the financial statements as a whole.

Yours truly,

Hawthorn, Wapner & Carroll, LLP

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2011**

The following is management's discussion and analysis of the Louisiana Assessors' Insurance Fund ("Plan") for the year ending December 31, 2011, which highlights relevant aspects of the basic financial statements and provides an analytical overview of the Plan's financial activities.

FINANCIAL HIGHLIGHTS

Assets decreased by approximately \$300,000, or 16.6%.

The Plan had a net loss of approximately \$520,000 in 2011, compared to a net loss of approximately \$72,000 in 2010.

The amount of net premium revenue increased approximately \$450,000 and expenses increased approximately \$970,000 over the prior year amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Plan's basic financial statements, together with the related notes to the financial statements, required supplementary information and the supporting schedules, all of which are described as follows.

Balance Sheets - these statements report the Plan's assets, liabilities, and net assets as of December 31, 2011 and 2010.

Statements of Revenues, Expenses and Changes in Net Assets - these statements report the Plan's revenues, expenses, and changes in net assets for the years ended December 31, 2011 and 2010.

Statements of Cash Flows - these statements report the net increase or decrease in cash and cash equivalents for the years ended December 31, 2011 and 2010.

Notes to the Financial Statements - the financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A description of the information provided in the notes is as follows:

Note 1 (Plan Description) provides a general description of the Plan. Information is included regarding the Insurance Committee, plan membership, and a description of the basic insurance benefits.

Note 2 (Summary of Significant Accounting Policies) provides information about the accounting methods and policies used in determining amounts shown on the financial statements. Information relative to the basis of accounting, the determination of estimates, cash and investments, unpaid claims liability, deferred premiums, reinsurance, income taxes and operating revenues and expenses is included in this note.

Note 3 (Deposits and Investments) describes the categories of cash and investments.

Note 4 (Furniture and Equipment) shows the furniture and equipment net of accumulated depreciation.

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Note 5 (Claims Expense and Unpaid Claims Reserve) describes changes in the aggregate unpaid claims liabilities from December 31, 2010 to December 31, 2011.

Note 6 (Reinsurance Policy Coverage) outlines the reinsurance policy guidelines and limitations.

Note 7 (Administrative Expenses) details the expenses incurred throughout the year.

Note 8 (Related Party Transactions) provides descriptions of transactions between the Plan and its related parties, the Louisiana Assessors' Association and the Louisiana Assessors' Retirement Fund.

Note 9 (Assets Measured at Fair Value on a Recurring Basis) details assets recorded at fair value on the balance sheets.

Note 10 (Subsequent Events) provides the date through which subsequent events have been evaluated for disclosure in the financial statements.

LOUISIANA ASSESSORS' INSURANCE FUND'S FINANCIAL ANALYSIS

The Plan is a cost sharing, multiple-employer, qualified defined benefit insurance plan covering assessors and their employees employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 47:1922, effective August 30, 1988. The Plan is a qualified plan as defined by the Internal Revenue Code, effective January 1, 1998. Insurance benefits are funded through premium income.

**Statements of Revenues, Expenses and Change in Net Assets
December 31, 2011, 2010 and 2009**

Revenue includes member's premiums and investment income.

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2011 Percentage Change</u> |
|--|--------------------|--------------------|--------------------|---------------------------------------|
| Revenues and Expenses | | | | |
| Revenues | <u>\$9,759,241</u> | <u>\$9,242,619</u> | <u>\$8,591,305</u> | <u>5.6</u> |
| Claims expenses and insurance premiums | 10,148,862 | 9,189,764 | 9,085,843 | 10.4 |
| Administrative expenses | <u>129,491</u> | <u>124,829</u> | <u>119,655</u> | <u>3.7</u> |
| Total expenses | <u>10,278,353</u> | <u>9,314,593</u> | <u>9,205,498</u> | <u>10.3</u> |
| Change in Net Assets | <u>(519,112)</u> | <u>(71,974)</u> | <u>(614,193)</u> | <u>(621.3)</u> |

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2011**

LOUISIANA ASSESSORS' INSURANCE FUND'S FINANCIAL ANALYSIS (Continued)

**Balance Sheets
December 31, 2011, 2010 and 2009**

Assets include reinsurance receivable, investments, and prepaid expenses. Liabilities include accounts payable, deferred premiums and unpaid claims.

| | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2011 Percentage Change</u> |
|---|------------------|------------------|------------------|---------------------------------------|
| Assets, Liabilities and Net Assets | | | | |
| Current assets | \$1,522,887 | \$1,826,790 | \$1,888,192 | <u>(16.6)</u> |
| Furniture and equipment, net of depreciation | <u>—</u> | <u>669</u> | <u>1,969</u> | <u>(100.0)</u> |
| Total assets | <u>1,522,887</u> | <u>1,827,459</u> | <u>1,890,161</u> | <u>(16.7)</u> |
| Current liabilities | 956,087 | 741,547 | 732,275 | <u>28.9</u> |
| Net assets | | | | |
| Invested in equipment | <u>—</u> | <u>669</u> | <u>1,969</u> | <u>(100.0)</u> |
| Unrestricted | <u>566,800</u> | <u>1,085,243</u> | <u>1,155,917</u> | <u>(47.8)</u> |
| Total liabilities and net assets | <u>1,522,887</u> | <u>1,827,459</u> | <u>1,890,161</u> | <u>(16.7)</u> |

Requests for Information

This annual financial report is designed to provide a general overview of the Plan's finances for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the Louisiana Assessors' Insurance Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

Louisiana Assessors' Insurance Fund
Balance Sheets
December 31, 2011 and 2010

| Assets | | 2011 | 2010 |
|---|----|---------------------------|---------------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ | 54,229 | \$ 158,493 |
| Premiums receivable | | 1,046 | 1,986 |
| Accrued investment income | | 569 | 1,243 |
| Other receivables | | 132,316 | 114,505 |
| Investments, at fair value | | 1,334,727 | 1,514,514 |
| Deposits | | <u>—</u> | <u>36,049</u> |
| Total current assets | | 1,522,887 | 1,826,790 |
| Furniture and Equipment, net of depreciation | | <u>—</u> | <u>669</u> |
| Total assets | | <u>\$1,522,887</u> | <u>\$1,827,459</u> |
| Liabilities and Net Assets | | | |
| Current Liabilities | | | |
| Accounts payable | \$ | 13,359 | \$ 9,918 |
| Deferred premiums | | 59,930 | 89,244 |
| Unpaid claims liability | | <u>882,798</u> | <u>642,385</u> |
| Total current liabilities | | <u>956,087</u> | <u>741,547</u> |
| Net Assets | | | |
| Invested in equipment | | <u>—</u> | 669 |
| Unrestricted | | <u>566,800</u> | <u>1,085,243</u> |
| Total net assets | | <u>566,800</u> | <u>1,085,912</u> |
| Total liabilities and net assets | | <u>\$1,522,887</u> | <u>\$1,827,459</u> |

The accompanying notes are an integral part of these statements.

Louisiana Assessors' Insurance Fund
Statements of Revenues, Expenses and Change in Net Assets
Years Ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|--------------------|--------------------|
| Revenues | | |
| Premiums earned | \$9,642,892 | \$9,196,447 |
| Premiums ceded | <u>(1,345,719)</u> | <u>(1,350,184)</u> |
| Net premiums earned | 8,297,173 | 7,846,263 |
| Net appreciation (depreciation) of investments | (8,908) | 11,841 |
| Interest and dividends | 28,858 | 17,717 |
| Reinsurance proceeds | <u>96,399</u> | <u>16,614</u> |
| Total revenues | <u>8,413,522</u> | <u>7,892,435</u> |
| Expenses | | |
| Claims expenses | 8,803,143 | 7,839,580 |
| Administrative expenses | <u>129,491</u> | <u>124,829</u> |
| Total expenses | <u>8,932,634</u> | <u>7,964,409</u> |
| Change in Net Assets | (519,112) | (71,974) |
| Net Assets | | |
| Beginning of year | <u>1,085,912</u> | <u>1,157,886</u> |
| End of year | <u>\$ 566,800</u> | <u>\$1,085,912</u> |

The accompanying notes are an integral part of these statements.

Louisiana Assessors' Insurance Fund
Statements of Cash Flows
Years Ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Receipts from premiums | \$9,693,556 | \$9,191,732 |
| Payments for claims | (8,562,730) | (7,858,532) |
| Payments for insurance premiums | (1,306,229) | (1,386,233) |
| Payments for administrative expenses | (129,272) | (120,736) |
| Investment income | <u>34,331</u> | <u>34,298</u> |
| Net cash used in operating activities | <u>(270,344)</u> | <u>(139,471)</u> |
| Cash Flows from Investing Activities | | |
| Purchase of investments | (33,920) | (267,358) |
| Proceeds from sale of investments | <u>200,000</u> | <u>550,000</u> |
| Net cash provided by investing activities | <u>166,080</u> | <u>282,642</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (104,264) | 143,171 |
| Cash and Cash Equivalents, beginning of year | <u>158,493</u> | <u>15,322</u> |
| Cash and Cash Equivalents, end of year | <u>\$ 54,229</u> | <u>\$ 158,493</u> |
| Reconciliation of Change in Net Assets to Net Cash | | |
| Used in Operating Activities | | |
| Change in net assets | \$ (519,112) | \$ (71,974) |
| Adjustments to reconcile change in net assets to net cash used in operations | | |
| Depreciation | 669 | 1,300 |
| Unrealized (gain) loss on investments | 13,707 | (11,841) |
| (Increase) Decrease in assets: | | |
| Premiums receivable | 940 | (1,043) |
| Accrued investment income | 674 | (33) |
| Other receivables | (17,811) | (29,103) |
| Deposits | 36,049 | (36,049) |
| Increase (Decrease) in liabilities: | | |
| Accounts payable | 3,441 | 2,793 |
| Deferred premiums | (29,314) | 25,431 |
| Unpaid claims liability | <u>240,413</u> | <u>(18,952)</u> |
| Net cash used in operating activities | <u>\$ (270,344)</u> | <u>\$ (139,471)</u> |

The accompanying notes are an integral part of these statements.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 1-Description of the management

The following description of the Louisiana Assessors' Insurance Fund ("Plan"), a public entity risk pool, provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

The Plan provides health and other benefits covering all assessors and assessors' employees throughout the State of Louisiana. Participation is voluntary and participants may withdraw by giving proper notice. The Plan's general objective is to formulate, develop and administer on behalf of the participating members, a program of inter-local risk management to obtain lower cost for insurance coverage. The Plan and related trust were established on August 30, 1988, pursuant to Louisiana Revised Statute 47:1922.

The Plan provides health benefits (medical, hospital, surgical, major medical, and dental), life insurance coverage, long-term disability benefits, vision and death benefits to participants and to their beneficiaries and covered dependents. Retired employees are entitled to similar health benefits (in excess of Medicare coverage) provided they have attained at least age 55 with twelve years of service, or thirty years of service regardless of age.

Health and dental claims of active and retired participants, dependents, and beneficiaries are processed by HealthSmart, Inc., the third party administrator, but the responsibility for payments to participants and providers is retained by the Plan. Group life insurance and accidental death and dismemberment insurance are provided by American General Life Insurance Company. Disability coverage and supplemental life insurance are provided by Metropolitan Life Insurance Company. Vision coverage is provided by AIG Life Insurance Company and claims are processed by National Vision Administrators, Inc.

The Louisiana Assessors' Association (LAA) provides bookkeeping support as well as other administrative functions for the Plan.

The Plan is affiliated through common membership and management control with the LAA and the Louisiana Assessors' Retirement Fund. Although these entities are related parties, their various net assets are available only to the individual entity for its operations. For this reason, each entity is presented as a separate "stand alone" entity in accordance with Governmental Accounting Standards Board (GASB) Statement Nos. 10 and 14.

The Plan's Insurance Committee, as Administrator, has the right under the Plan to modify the benefits provided to active and retired employees. The Plan may be terminated at any time.

Total membership in the Plan at December 31st is as follows:

| | <u>2011</u> | <u>2010</u> |
|---|--------------|--------------|
| Retirees and beneficiaries receiving health care benefits | 301 | 331 |
| Active plan members | <u>718</u> | <u>690</u> |
| Total | <u>1,019</u> | <u>1,021</u> |

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Plan applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The Plan is a proprietary fund type and is presented as a business type activity. Proprietary fund types are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net assets is necessary or useful for sound financial administration. Generally Accepted Accounting Principles used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results may differ from those estimates. Significant estimates made by management which might affect these financial statements include, but are not limited to, unpaid claims.

Unpaid claims liability is established by management based on review of claim payment history and anticipated future claims. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

C. Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments, with original maturities of three months or less, which are not under investment management for long-term purposes.

D. Premium and Other Receivables

Premium and other receivables are comprised of amounts due from members and reinsurance companies and are considered to be fully collectible by management; therefore, no reserve for bad debts has been established.

E. Investments

Investments are reported at fair value. Fair value is based on the last reported sales price if available; if not available, fair value is based on estimated fair value. Realized and unrealized gains and losses on investments recorded at fair value are included in net investment income.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 2-Summary of Significant Accounting Policies (Continued)

F. Furniture and Equipment

Furniture and equipment is stated at cost and is depreciated over the estimated useful lives of the assets utilizing the straight line method. It is the Plan's policy to capitalize expenditures for those items in excess of \$500. Lesser amounts are expensed. The estimated useful lives of the assets are as follows:

| | |
|-------------------------|------------|
| Furniture and Equipment | 7-10 years |
|-------------------------|------------|

G. Premiums Earned

Premiums are recognized on a monthly prorated basis over the term of the policy. Premiums applicable to the unexpired terms of the policies in force are reported as deferred premiums at the balance sheet date.

H. Unpaid Claims Liability

The Plan establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported.

The methodology for developing self-insurance reserves is based on management estimates. The estimation process considers, among other matters, the cost of known claims over time, inflation, and incurred but not reported claims. These estimates may change based on, among other things, changes in claim history or receipt of additional information relevant to assessing the claims. Further, these estimates may prove to be inaccurate due to factors such as adverse judicial determinations or other claim settlements at higher than estimated amounts. Accordingly, the Plan may be required to increase or decrease its reserve levels.

I. Reinsurance

The Plan uses reinsurance to reduce its exposure to large losses on insured events. Further description of the reinsurance coverage is described in Note 6. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Plan as direct insurer of the risk reinsured. The Plan does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. Claims expenses consists of claims incurred during the current year, adjustments to the accounting estimate of prior years' claims expense, and a reduction for claims covered by the reinsurer in accordance with the reinsurance policy.

J. Income Taxes

The Plan is exempt from federal income taxes under Section 501(c)(9) of the Internal Revenue Code.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 2-Summary of Significant Accounting Policies (Continued)

K. Fair Value Measurement

In accordance with the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The topic establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

The Plan utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Plan determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level I: Quoted prices (unadjusted) in active markets which are accessible at the measurement date.

Level II: Prices based on observable inputs corroborated by market data but no quoted active markets.

Level III: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investments.

Note 3-Deposits and Investments

Deposits - Under State law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Deposits are classified in terms of whether they are exposed to custodial credit risk, the risk that in the event of a bank failure, the Plan's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either a) uninsured and uncollateralized, b) uninsured and collateralized with securities held by the pledging financial institution, or c) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Plan.

At December 31, 2011 and 2010, the Plan's total bank balances were fully insured and collateralized with securities held in the name of the Plan by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Investments - All of the Plan's investments are insured or registered and held by a bank-administered trust fund or a Securities and Exchange Commission registered broker-dealer. The weighted average maturity of the Plan's investments is 1.9 years and the average duration is 1.7 years with individual investments having maturities ranging from less than one to three years. All of the Plan's investments are rated AAA by Standard & Poors.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 3-Deposits and Investments (Continued)

The Plan's investments, which are carried at fair value, are comprised of the following at December 31:

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|--------------------|--------------------|
| Federated U.S. Government Fund | \$1,269,994 | \$1,449,853 |
| Money Market Funds | 6 | 6 |
| LAMP | <u>64,727</u> | <u>64,655</u> |
| | <u>\$1,334,727</u> | <u>\$1,514,514</u> |

The Plan holds investments in the Louisiana Assets Management Pool, Inc. (LAMP), a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The following investments represent 5% or more of net assets available for benefits at year end:

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|-------------|-------------|
| Federated U.S. Government Fund | \$1,269,994 | \$1,449,853 |
| LAMP | 64,727 | 64,655 |

Note 4-Furniture and Equipment

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|-----------------|-----------------|
| Furniture and equipment | \$26,342 | \$26,342 |
| Less: accumulated depreciation | <u>(26,342)</u> | <u>(25,673)</u> |
| | <u>\$ -</u> | <u>\$ 669</u> |

Depreciation expense was \$669 and \$1,300 for the years ended December 31, 2011 and 2010, respectively.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 5-Claims Expense and Unpaid Claims Reserve

The following represents changes in the aggregate unpaid claims liabilities for the Plan for the years ended December 31:

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| Unpaid claims and loss adjustment expenses at beginning of fiscal year | \$ 642,385 | \$ 661,337 |
| Incurred losses and loss adjustment expenses | | |
| Provision for insured events of current year | 8,581,223 | 7,935,205 |
| Increases (decreases) in provision for insured events of prior fiscal years | <u>221,920</u> | <u>(95,625)</u> |
| Total incurred losses and loss adjustment expenses | <u>8,803,143</u> | <u>7,839,580</u> |
| Payments | | |
| Losses and loss adjustment expenses attributable to insured events of current fiscal year | 7,708,473 | 7,302,868 |
| Losses and loss adjustment expenses attributable to insured events of prior fiscal years | <u>854,257</u> | <u>555,664</u> |
| Total payments | <u>8,562,730</u> | <u>7,858,532</u> |
| Unpaid claims and loss adjustment expense at end of fiscal year | <u>\$ 882,798</u> | <u>\$ 642,385</u> |

Note 6-Reinsurance Policy Coverage

The Plan and its reinsurers represent a cooperative program for group funding and risk management of accident and health claims of participating Louisiana Assessors. Although premiums billed to the participants are determined on an actuarial basis, ultimate liability for claims remains with the participants, and the Plan has authority to assess the participants to fund any deficits incurred.

The Plan obtained reinsurance from a commercial insurer providing a specific loss coverage of \$1,800,000 for each and every loss in excess of an annual \$200,000 deductible.

Reinsurance premiums ceded totaled \$279,738 and \$367,110 for the years ended December 31, 2011 and 2010, respectively.

Note 7-Administrative Expenses

The following administrative expenses were incurred during the years:

| | <u>2011</u> | <u>2010</u> |
|---------------------------|------------------|------------------|
| Administrative allocation | \$108,000 | \$102,000 |
| Computer supplies | 1,368 | 1,368 |
| Depreciation | 669 | 1,300 |
| Office supplies | 385 | 861 |
| Per diem | 3,975 | 5,700 |
| Postage | - | 240 |
| Professional fees | 10,295 | 8,800 |
| Travel | 2,042 | 2,334 |
| Copier reimbursement | <u>2,757</u> | <u>2,226</u> |
| | <u>\$129,491</u> | <u>\$124,829</u> |

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2011

Note 8-Related Party Transactions

The Plan is related to the Louisiana Assessors' Association and the Louisiana Assessors' Retirement Fund through common membership and management. The Plan reimburses the Association for office space, utilities and other shared costs. For the years ended December 31, 2011 and 2010, these reimbursements were composed of the following:

| | <u>2011</u> | <u>2010</u> |
|---------------------------|------------------|------------------|
| Administrative allocation | \$108,000 | \$102,000 |
| Copier reimbursement | <u>2,757</u> | <u>2,226</u> |
| | <u>\$110,757</u> | <u>\$104,226</u> |

The Plan receives premiums from the Louisiana Assessors' Association for health coverage for its employees. These premiums totaled \$51,367 and \$42,449 for the years ended December 31, 2011 and 2010, respectively.

The Plan receives premiums from the Louisiana Assessors' Retirement Fund for health coverage withheld for retirees' benefits. These premiums totaled \$333,173 and \$296,029 for the years ended December 31, 2011 and 2010, respectively.

Note 9-Assets Measured at Fair Value on a Recurring Basis

For all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

| | Quoted Prices in Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | Total |
|--------------------------------|--|--|-------------------------------------|--------------------|
| December 31, 2011 | | | | |
| Investments | | | | |
| Federated U.S. Government Fund | \$1,269,994 | \$ - | \$ - | \$1,269,994 |
| Money Market funds | 6 | - | - | 6 |
| LAMP | <u>64,727</u> | <u>-</u> | <u>-</u> | <u>64,727</u> |
| | <u>\$1,334,727</u> | <u>-</u> | <u>-</u> | <u>\$1,334,727</u> |
| December 31, 2010 | | | | |
| Investments | | | | |
| Federated U.S. Government Fund | 1,449,853 | - | - | 1,449,853 |
| Money Market funds | 6 | - | - | 6 |
| LAMP | <u>64,655</u> | <u>-</u> | <u>-</u> | <u>64,655</u> |
| | <u>\$1,514,514</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$1,514,514</u> |

Note 10-Subsequent Events

The Plan evaluated all subsequent events through May 31, 2012, the date the financial statements were available to be issued. As a result, the committee noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Required Supplementary Information

Louisiana Assessors' Insurance Fund
Schedule of 1-10 Year Claims Development Information
Years Ended December 31, 2011 - 2002

| Required contribution and investment revenue | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Earned | \$9,759,241 | \$9,242,619 | \$8,568,660 | \$8,619,160 | \$8,600,292 | \$8,240,196 | \$8,067,930 | \$6,753,574 | \$6,698,084 | \$6,847,597 |
| Ceded | <u>(1,345,719)</u> | <u>(1,350,184)</u> | <u>(1,291,133)</u> | <u>(1,173,280)</u> | <u>(1,198,249)</u> | <u>(1,135,537)</u> | <u>(1,118,956)</u> | <u>(1,055,198)</u> | <u>(967,840)</u> | <u>(847,156)</u> |
| Net earned | 8,413,522 | 7,892,435 | 7,277,527 | 7,445,880 | 7,402,043 | 7,104,659 | 6,948,974 | 5,698,376 | 5,730,244 | 6,000,441 |
| Unallocated expenses | 129,491 | 124,829 | 119,655 | 119,110 | 118,171 | 118,801 | 125,595 | 119,333 | 122,068 | 43,420 |
| Estimated claims and expenses end of policy year | | | | | | | | | | |
| Incurred | 8,700,853 | 7,951,819 | 7,838,399 | 7,615,677 | 7,035,121 | 6,402,458 | 6,825,391 | 6,939,709 | 6,002,890 | 5,714,986 |
| Ceded | <u>(170,280)</u> | <u>(16,614)</u> | <u>(22,645)</u> | <u>(190,385)</u> | <u>(23,506)</u> | | | <u>(127,982)</u> | <u>(688,529)</u> | <u>(344,614)</u> |
| Net incurred | 8,530,573 | 7,935,205 | 7,815,754 | 7,425,292 | 7,011,615 | 6,402,458 | 6,825,391 | 6,811,727 | 5,314,361 | 5,370,372 |
| Net paid, cumulative as of | | | | | | | | | | |
| End of policy year | 7,708,473 | 7,302,868 | 7,155,417 | 6,573,119 | 5,808,618 | 5,218,744 | 5,838,598 | 6,461,635 | 4,951,072 | 4,431,819 |
| One year later | | 8,157,125 | 7,700,382 | 7,403,218 | 7,089,549 | 6,522,616 | 6,969,265 | 7,016,448 | 5,688,744 | 5,117,585 |
| Two years later | | | 7,700,382 | 7,423,965 | 7,089,549 | 6,522,616 | 6,969,265 | 7,016,448 | 5,688,744 | 5,117,585 |
| Three years later | | | | 7,423,965 | 7,089,549 | 6,522,616 | 6,969,265 | 7,016,448 | 5,688,744 | 5,117,585 |
| Four years later | | | | | 7,089,549 | 6,522,616 | 6,969,265 | 7,016,448 | 5,688,744 | 5,117,585 |
| Five years later | | | | | | 6,522,616 | 6,969,265 | 7,016,448 | 5,688,744 | 5,117,585 |
| Six years later | | | | | | | 6,969,265 | 7,016,448 | 5,688,744 | 5,117,585 |
| Seven years later | | | | | | | | 7,016,448 | 5,688,744 | 5,117,585 |
| Eight years later | | | | | | | | | 5,688,744 | 5,117,585 |
| Nine years later | | | | | | | | | | 5,117,585 |
| Ten years later | | | | | | | | | | 5,117,585 |
| Re-estimated ceded claims and expenses | | | | (190,385) | 23,506 | | | 127,982 | 688,529 | 344,614 |
| Re-estimated net incurred claims and expenses | | | | | | | | | | |
| End of policy year | 8,581,223 | 7,935,205 | 7,816,754 | 7,425,292 | 7,011,615 | 6,402,458 | 6,825,391 | 6,811,727 | 5,314,361 | 5,370,372 |
| One year later | | 8,157,125 | 7,700,382 | 7,403,248 | 7,089,549 | 6,522,616 | 6,941,239 | 7,016,448 | 5,688,744 | 5,117,585 |
| Two years later | | | 7,700,382 | 7,423,965 | 7,089,549 | 6,522,616 | 6,941,239 | 7,016,448 | 5,688,744 | 5,117,585 |
| Three years later | | | | 7,423,965 | 7,089,549 | 6,522,616 | 6,941,239 | 7,016,448 | 5,688,744 | 5,117,585 |
| Four years later | | | | | 7,089,549 | 6,522,616 | 6,941,239 | 7,016,448 | 5,688,744 | 5,117,585 |
| Five years later | | | | | | 6,522,616 | 6,941,239 | 7,016,448 | 5,688,744 | 5,117,585 |
| Six years later | | | | | | | 6,941,239 | 7,016,448 | 5,688,744 | 5,117,585 |
| Seven years later | | | | | | | | 7,016,448 | 5,688,744 | 5,117,585 |
| Eight years later | | | | | | | | | 5,688,744 | 5,117,585 |
| Nine years later | | | | | | | | | | 5,117,585 |
| Ten years later | | | | | | | | | | 5,117,585 |
| Increase (Decrease) in estimated net incurred claims and expenses from end of policy year | | 221,920 | (116,372) | (1,327) | 77,934 | 120,158 | 115,848 | 204,721 | 374,383 | (252,787) |

The preceding table is Supplementary Information required by Governmental Accounting Standards Board Statement Number 30 (GASB 30). The Schedule illustrates how the Plan's earned revenue (net of reinsurance) plus investment income compare to related costs of loss (net of assumed reinsurance) plus other costs at the end of each year.

Supplementary Information

Louisiana Assessors' Insurance Fund
Schedules of Per Diem Payments
Years Ended December 31, 2011 and 2010

| | <u>December 31, 2011</u> | | <u>December 31, 2010</u> | |
|--------------------------|--------------------------|----------------|--------------------------|----------------|
| | <u>Number</u> | <u>Amount</u> | <u>Number</u> | <u>Amount</u> |
| | <u>of Days</u> | <u>Paid</u> | <u>of Days</u> | <u>Paid</u> |
| Paid Board Member | | | | |
| Terry Baker | 2 | \$ 150 | — | \$ — |
| Wayne P. Blanchard | — | — | 6 | 450 |
| Katherine P. Broadway | 5 | 375 | 6 | 450 |
| Kathryn S. Broussard | 5 | 375 | 7 | 525 |
| Jerry L. Clark | 3 | 225 | 6 | 450 |
| Richard J. Cole, Jr. | — | — | 6 | 450 |
| Randell A. Fletcher | 3 | 225 | 4 | 300 |
| D. Rick Hargis | 5 | 375 | 6 | 450 |
| John Hill | 3 | 225 | — | — |
| Rickey J. Huval, Sr. | 4 | 300 | 5 | 375 |
| Pamela C. Jones | — | — | 2 | 150 |
| Michael H. Martin | 3 | 225 | 4 | 300 |
| Renee M. Michel | 2 | 150 | — | — |
| Darren G. Mire | — | — | 6 | 450 |
| Geneva Odom | — | — | 5 | 375 |
| Lawrence Patin | 5 | 375 | — | — |
| Bob Robinson | 5 | 375 | 7 | 525 |
| Glenn Waguespack | 4 | 300 | — | — |
| Samuel Wilkerson | 4 | 300 | 6 | 450 |
| | <u>53</u> | <u>\$3,975</u> | <u>76</u> | <u>\$5,700</u> |

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



LOUIS C. MCKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
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NEAL D. KING, C.P.A.
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May 31, 2012

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Insurance Committee
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Assessors' Insurance Fund as of and for the year ended December 31, 2011, and have issued our report thereon dated May 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Assessors' Insurance Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Assessors' Insurance Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Assessors' Insurance Fund's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Assessors' Insurance Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Insurance Committee, management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

Hawthorn, Wymouth & Powell, LLP

**Louisiana Assessors' Insurance Fund
Schedule of Audit Findings
Year Ended December 31, 2011**

None.

**Louisiana Assessors' Insurance Fund
Schedule of Prior Year Audit Findings
Year Ended December 31, 2011**

None.